

**Homeless Animals Rescue Team, Inc.**

**Financial Statements (with independent auditors' report)**

**For the years ended December 31, 2018 and 2017**

**HOMELESS ANIMALS RESCUE TEAM, INC.**

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The Board of Directors of  
Homeless Animals Rescue Team, Inc.

## **Independent Auditors' Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Homeless Animals Rescue Team, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Homeless Animal Rescue Team, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Report on Supplemental Information*

Our audits were made for the purpose of forming an opinion on the basic financial statements of Homeless Animals Rescue Team, Inc. taken as a whole. The accompanying supplemental statement of functional expenses has been presented for purposes of additional analysis of the financial statements rather than to present the financial position, changes in net assets, and cash flows of the entity, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material aspects in relation to the financial statements taken as a whole.



October 30, 2019  
Washington, DC

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b><u>ASSETS</u></b>		
Current assets		
Cash and equivalents	\$ 1,004,331	\$ 370,918
Prepaid expenses	5,007	6,727
Total current assets	1,009,338	377,645
Fixed assets		
Furniture and equipment	77,872	99,356
Less: accumulated depreciation	(46,088)	(54,340)
Net fixed assets	31,784	45,016
Deposits	750	750
Total assets	<u>\$ 1,041,872</u>	<u>\$ 423,411</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities		
Accounts payable and accrued expenses	\$ 101,138	\$ 123,020
Net assets		
Without donor restrictions	940,734	300,391
Total net assets	940,734	300,391
Total liabilities and net assets	<u>\$ 1,041,872</u>	<u>\$ 423,411</u>

See accompanying notes and independent auditors' report.

HOMELESS ANIMALS RESCUE TEAM, INC.

STATEMENTS OF ACTIVITIES

For the years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Support and Revenue		
Contributions and grants	\$ 1,226,678	\$ 600,339
Adoption fees	175,490	204,521
Special event income	20,570	43,996
Interest income	3,459	50
Gain on disposal of fixed asset	13,012	-
In-kind contributions	78,861	35,082
	<u>1,518,070</u>	<u>883,988</u>
Total support and revenue		
Expenses		
Animal rescue and adoption services	804,730	846,648
General and administration	16,394	8,901
Fundraising	56,603	21,467
	<u>877,727</u>	<u>877,016</u>
Total expenses		
Change in net assets	640,343	6,972
Net assets, beginning of year	<u>300,391</u>	<u>293,419</u>
Net assets, end of year	<u>\$ 940,734</u>	<u>\$ 300,391</u>

See accompanying notes and independent auditors' report.

**HOMELESS ANIMALS RESCUE TEAM, INC.**

**STATEMENT FUNCTIONAL EXPENSES**

For the years ended December 31, 2018 and 2017

	2018				2017			
	Unrestricted				Unrestricted			
	Animal Rescue & Adoption Services	General and Administration	Fundraising	Total	Animal Rescue & Adoption Services	General and Administration	Fundraising	Total
Salaries and payroll taxes	\$ 70,269	\$ 3,778	\$ 1,511	\$ 75,558	\$ 82,231	\$ 4,379	\$ 1,752	\$ 88,362
Advertising	1,076	-	-	1,076	-	-	-	-
Bank fees	4,517	25	-	4,542	4,390	-	-	4,390
Depreciation expense	13,232	-	-	13,232	9,918	-	-	9,918
Insurance	11,358	611	244	12,213	12,333	255	103	12,691
Medical and boarding	659,200	-	-	659,200	698,140	-	-	698,140
Meetings and events	-	-	46,989	46,989	-	-	7,239	7,239
Occupancy	8,559	460	184	9,203	8,891	468	-	9,359
Office expense	1,395	2,625	31	4,051	-	791	7,442	8,233
Postage and shipping	-	-	1,098	1,098	-	-	1,948	1,948
Printing and publications	770	99	2,149	3,018	-	-	2,809	2,809
Professional fees	1,192	8,364	4,317	13,873	4,858	261	104	5,223
Taxes and licenses	3,587	274	17	3,878	-	2,571	-	2,571
Telephone and internet	2,936	158	63	3,157	3,253	176	70	3,499
Travel and automobile	26,639	-	-	26,639	22,634	-	-	22,634
<b>Total expenses</b>	<b>\$ 804,730</b>	<b>\$ 16,394</b>	<b>\$ 56,603</b>	<b>\$ 877,727</b>	<b>\$ 846,648</b>	<b>\$ 8,901</b>	<b>\$ 21,467</b>	<b>\$ 877,016</b>

See accompanying notes and independent auditors' report.

**HOMELESS ANIMALS RESCUE TEAM, INC.**

**STATEMENTS OF CASH FLOWS**

**For the years ended December 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash flow from operating activities		
Change in net assets	\$ 640,343	\$ 6,972
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	13,232	9,918
(Increase) decrease in:		
Prepaid expenses	1,720	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(21,882)	86,253
	<u>633,413</u>	<u>103,143</u>
Net cash flow provided by operating activities	633,413	103,143
Net cash flow used by investing activities:		
Purchase of fixed assets	<u>-</u>	<u>(28,279)</u>
Net increase (decrease) in cash and equivalents	633,413	74,864
Cash and cash equivalents, beginning of year	<u>370,918</u>	<u>296,054</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,004,331</u></u>	<u><u>\$ 370,918</u></u>

See accompanying notes and independent auditors' report.



# HOMELESS ANIMALS RESCUE TEAM, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

### 1. DESCRIPTION OF THE ORGANIZATION

Homeless Animals Rescue Team, Inc. (HART) was incorporated as a non-profit organization in the Commonwealth of Virginia in September 1990. HART rescues stray and unwanted animals and gives the general public an alternative to traditional animal shelters. All prospective owners are screened prior to receiving information about animals available for adoption. HART performs a home check and requires an adoption contract prior to releasing the animal to new owners. In the event that an owner can no longer care for a pet or in a life-threatening situation, the animal is placed in a foster home, if available, or is boarded until a permanent home is found.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

HART's financial statements are prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

#### Cash and Cash Equivalents

HART considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

#### Contributions Receivable

Contributions receivable represents amounts which have been promised but not yet received. Contributions due beyond one year are discounted to reflect the present value of the contribution.

#### Fixed Assets

Furniture and equipment are reported at cost. Assets and capital lease purchases are depreciated over a three to five years estimated life using the straight line method.

# HOMELESS ANIMALS RESCUE TEAM, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Net Assets

Net assets are reported by the Organization in accordance with Financial Accounting Standards Board (FASB) 116 and 117. Accordingly, net assets have been reported using the following categories.

#### Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

#### Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# HOMELESS ANIMALS RESCUE TEAM, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Income Taxes

HART is a nonprofit organization, which is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code. However, HART is subject to unrelated business income tax for activities conducted outside its tax exempt purpose. HART did not conduct any unrelated business activities during 2018 and 2017, accordingly no provision for income taxes was recorded.

HART has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

#### Donated Services and Materials

Contributions of services and materials are recognized if the services or materials received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized. During 2018 and 2017 HART received \$78,861 and \$35,082, in donated materials or services, respectively.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# HOMELESS ANIMALS RESCUE TEAM, INC.

## Notes to Financial Statements

December 31, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Subsequent Events

The date to which events occurring after December 31, 2018, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is October 30, 2019, which is the date on which the financial statements were available to be issued.

### 3. COMMITMENTS AND CONTINGENCIES

HART leases office space under an agreement that began on June 1, 2017 and expires May 31, 2021. The future minimum lease payments on an annual basis are:

Years ending December 31

2019	\$ 9,175
2020	9,300
2021	<u>3,875</u>
Total	<u>\$ 22,350</u>

Rent expense for the years ended December 31, 2018 and 2017 was \$9,204 and \$9,359, respectively.

### 4. FURNITURE AND EQUIPMENT

The following is a summary of equipment as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Vehicles	\$ 77,872	\$ 99,356
Less accumulated depreciation	<u>( 46,088)</u>	<u>( 54,340)</u>
Total	<u>\$ 31,784</u>	<u>\$ 45,016</u>

**HOMELESS ANIMALS RESCUE TEAM, INC.**

Notes to Financial Statements

December 31, 2018 and 2017

**5. LIQUIDITY AND AVAILABILITY**

The financial assets and liquidity resources available within one year of the statement of financial position date for general expenditures are as follow at December 31, 2018:

	Gross Amount	Unavailable for General Expenditure	Available to Meet Cash Needs Within One Year
Cash and Equivalents	\$ 1,004,331	\$ <u>          -</u>	\$ <u>1,004,331</u>

The Organization's net assets are available for general expenditure within on year year of December 31, 2018. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet normal operating expenses for the current budget year.